

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 FEA-01 XMB-02 ERDA-05 AID-05
CEA-01 CIAE-00 DODE-00 EB-08 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06
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DEPT PASS EXIM BANK FOR ALBRIGHT

E.O. 11652: N/A
TAGS: ENRG, EEWT, UR
SUBJECT: YAKUTSK NATURAL GAS PROJECT

SUMMARY: WITH TRILATERAL MEETING SCHEDULED TO BE HELD
IN US IN NOVEMBER, WE HEAR THAT PROVEN RESERVES OF
YAKUTIA ARE NOW 800 BILLION CUBIC METERS. THERE IS TALK
OF BUILDING LNG FACILITY IN JAPAN IN ORDER TO TAKE
ADVANTAGE OF US EXIM BANK CREDITS. HOWEVER, GOSPLAN
OFFICIAL SAYS PROJECT IS ON BACK BURNER AND WILL PROBABLY
NOT BE IN 11TH FIVE-YEAR PLAN. END SUMMARY.

1. WE CONTINUE TO HEAR SPECULATION ABOUT YAKUTIA NATURAL
GAS PROJECT, PARTICULARLY AS DATE FOR NEXT TRILATERAL
SESSION IN CALIFORNIA APPROACHES. OCCIDENTAL PETROLEUM
SOURCE RECENTLY MENTIONED CONSIDERATION BEING GIVEN TO
CONSTRUCTION OF LNG FACILITY ON HOKKAIDO, TAKING ADVANTAGE
OF PIPELINE FROM SAKHALIN, VICE NAKHODKA. MAIN BENEFIT
OF THIS SCHEME WOULD BE TO SECURE BENEFITS OF US EXIM
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BANK FINANCING FOR PROJECT IF BUILT ON JAPANESE SOIL.

2. COMMENTING ON ABOVE AND CLAIMING INTIMATE KNOWLEDGE OF
DETAILS, SOVIET TRADE OFFICIAL HAS TOLD US THAT ANOTHER
VARIANT WOULD PUT LNG PLANT ON HONSHU, WITH GAS TRANSIT-
ING HOKKAIDO AND BY TUNNEL TO DESTINATION. THIS SOVIET
SOURCE STATES THAT 800 BILLION OF NECESSARY ONE TRILLION

CUBIC METERS OF NATURAL GAS HAVE ALREADY BEEN PROVEN AT YAKUTSK.

3. DESPITE FOREGOING, SOVIET GOSPLAN OFFICIAL RESPONSIBLE FOR TRADE WITH WESTERN COUNTRIES, WHO HAD JUST RETURNED FROM PARTICIPATION IN BILATERAL ECONOMIC CONFERENCE IN JAPAN, TOLD US FLATLY THAT THERE ARE NO PRESENT PLANS FOR DEVELOPMENT OF YAKUTIA GAS, AS DISTINGUISHED FROM THE EXPLORATORY STUDY WHICH HAS BEEN GOING ON. ASKED IF THIS MEANT THAT YAKUTIA MIGHT NOT EVEN BE IN 11TH FIVE-YEAR PLAN (1981-85), OFFICIAL SAID IT WOULD PROBABLY NOT BE.

4. SOVIET TRADE OFFICIAL CITED IN PARA TWO ABOVE SAID THAT ABSENCE OF PROJECT LIKE YAKUTIA FROM FIVE-YEAR PLAN WOULD PRECLUDE ITS BEING DONE IF (1) THERE WERE FOREIGN FINANCING OF HARD CURRENCY ASPECTS AND (2) THE RESPONSIBLE MINISTRY HAD SUFFICIENT RUBLES ON HAND TO COVER EXTRA-PLAN DOMESTIC RESOURCES INVOLVED. OFFICIAL ACKNOWLEDGED THAT PROJECT WOULD AT LEAST HAVE TO BE IN ANNUAL PLAN, HOWEVER, FOR ACTION TO COMMENCE.

5. COMMENT: WE HAVE THE IMPRESSION FROM TALKING TO THESE AND ADDITIONAL INTERESTED PARTIES THAT SOVIET INTEREST IN YAKUTIA PROJECT, WHILE STILL ALIVE, IS ON BACK BURNER BECAUSE OF SOVIET RECOGNITION THAT JAPANESE WILL LIMITED OFFICIAL USE

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NOT PROCEED WITHOUT AMERICAN PARTICIPATION, WHICH IN TURN APPEARS TO DEPEND ON USG FINANCIAL BACKING. SOVIETS WOULD LIKE TO DEVELOP THIS PROJECT, IN PART BECAUSE IT WOULD ALSO SUPPLY NATURAL GAS TO AREA ALONG BAM RAILROAD, BUT WE HAVE ALSO BEEN TOLD THAT BAM MUST BE LARGELY COMPLETED BEFORE WORK AT YAKUTIA CAN GET UNDERWAY. SOVIETS ALSO RECOGNIZE THAT MUCH DEPENDS ON FORCES BEYOND THEIR CONTROL. WHILE THEY WILL KEEP THE TRILATERAL DISCUSSIONS GOING, THEY ARE PROBABLY BEARISH ABOUT EARLY PROSPECTS FOR CONCRETE RESULTS. MATLOCK

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 29-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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TAGS: ENRG, EEWT, UR
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